



Ninth and Jefferson Building King County Auditor's Office Oversight Project Report

August 2008



Prepared by: Jeff Caldwell

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Executive Summary

The Ninth and Jefferson Building is being constructed as a public-private partnership. The scope of the project includes a 14-story multi-purpose high-rise tower and five floors of underground parking. The building will house specialty services at Harborview Medical Center. Anticipated services in the building include the King County Medical Examiner, neurosciences, orthopedics, a spine center, a sleep center, global health/research laboratories, dry labs, clinical services, and the County's Involuntary Treatment Act courtroom. The building also has retail space and four floors of underground parking for use by patients, visitors and the surrounding community. The developer of the project is Wright Runstad and the General Contractor is Turner Construction.

Jones Lang LaSalle is providing construction oversight and documentation of current progress for the King County Auditor's Office. Site visits and attendance of meetings for the Ninth and Jefferson Building at HarborView Medical Center occur on a bi-monthly basis.

As of mid-August 2008, fifty-five percent (55%) of the project core/shell and tenant improvements construction has been completed compared to fifty percent (50%) last month. The forecast for substantial completion remains unchanged from last month at 1/5/09. The final total development cost is estimated to be \$184,247,886.

Scope Overview

The original scope of the project included approximately 600+ parking spaces and 440,000 GSF in the building. As of June 9, 2008, the parking garage had 650 parking spaces and the actual GSF for the building is 437,999.

Core/Shell Construction Status

Building, site and off-site improvements continue in accordance with the construction documents and local building authority of jurisdiction requirements. Current work specifically related to underground utilities will be done on weekends in order to limit impact to traffic flow in the area and around the campus.

The parking garage has a Temporary Certificate of Occupancy and has been available for Harborview Medical Center use as of July 28, 2008.

Exterior closure (Close-in) of building continues to progress according to schedule. Interior framing for the core/shell and tenant improvements continues along with the rough in of MEP systems with no noticeable impacts to the substantial completion date.

Turner Construction is sending out a monthly neighborhood newsletter update to notify the area residents of upcoming potential impacts.

Tenant Improvement Construction Status

Level 2

KCME & Pathology: Installation of overhead mechanical, electrical, and fire protection systems are complete. Ceilings installed and walls being painted.

ITA Court: Installation of stud walls complete. Magnetic and acoustic shielding from the radiology space is complete.

Level 3

University of Washington (UW) School of Medicine Labs: Installation of overhead mechanical, sprinkler and electrical rough in is complete. Mechanical and electrical wall rough-in activities are complete and sheetrock being installed.

Levels 8, 9 & 10

UW Medicine IT Services Offices – Installation of overhead piping, ductwork and framing of full-height walls is underway.

Tenant Improvement Design Status

All tenant improvement design was originally expected to have been completed by August 30, 2008. However, as noted in Table 1, some tenant improvement design will not be complete until October 15. Construction of the tenant improvements will proceed in phases, moving up the tower as design is completed. See Table 1 for a status of tenant bid package development.

Table 1 – TI Design Summary by Package

| Building Floor | Design Package Number | Construction Documents Estimated Completion or Completion Date |
|-----------------------|------------------------------|--|
| 1 | Pharmacy | No program information available from HMC currently, this is being developed with no impact to overall project |

| Building Floor | Design Package Number | Construction Documents Estimated Completion or Completion Date |
|-----------------------|---|---|
| | | anticipated. |
| 2 | Package #1 (ITA Court, Pathology, KCME) | Complete – Under Construction |
| 3 | Design Package #1 (UW School of Medicine) Design Package #5 (remainder of level 3) | Complete – Under Construction Complete – Under Construction |
| 4 | Design Package #4 (Sleep Clinic) | Complete – Bids in August |
| 5 | Design Package #4 (Spine Clinic) | Complete – Bids in August |
| 6 | Design Package #4 (Ortho Clinic) | Complete – Bids in August |
| 7 | (Eye Clinic) | 10/15/08 estimated completion |
| 8 | Design Package #2 (IT Services) | Complete – Under Construction |
| 9 | Design Package #2 (IT Services) | Complete – Under Construction |
| 10 | Design Package #2 (IT Services) | Complete – Under Construction |
| 11 | Design Package #4 (STD/Virology Clinic) | Complete – Bids in August |
| 12 | Global Health Offices | 10/15/08 estimated completion |
| 13 | Global Health Offices | 10/15/08 estimated completion |
| 14 | Neurosciences Offices | 10/15/08 estimated completion |

TI Package 3 and 4 – Guaranteed Maximum Price is anticipated to be established in late August 08 with a potential release date of September 08 or October 08.

Schedule Overview

Completion of all tenant spaces is projected for the third quarter of 2009. No adverse impact to the project is anticipated if this date moves due to the phased occupancy of the building.

Reports from the month continue to support the forecasted projections described in Table 2 below. No potential impacts affecting the project's forecasted delivery dates were brought to the attention of the team.

As of August 17, 2008, there are 94 remaining work days until substantial completion of core and shell.

Table 2 – Substantial Completion Date by Level**

| Level | Current Forecast Target Date | Previous Month Forecast Target Date | Notes |
|---------------|-------------------------------------|--|--|
| Garage | July 1st, 2008 * | Actual | |
| 1 | Not Under Design | N/A | Pharmacy - Please see notes in above table. |
| 2 | January 5th, 2009 | January 5th, 2009 | |

| Level | Current Forecast Target Date | Previous Month Forecast Target Date | Notes |
|-------|---------------------------------|---|--|
| 3 | January 5 th , 2009 | January 5 th , 2009 | |
| 4 | Bids in August | (3/5/09 Anticipated) | <u>Dependent upon bid results, procurement of contracts to winning bidder.</u> |
| 5 | Bids in August | (3/5/09 Anticipated) | |
| 6 | Bids in August | (3/5/09 Anticipated) | |
| 7 | Currently Under Design | N/A | |
| 8 | January 5 th , 2009 | January 5 th , 2009 | |
| 9 | January 5 th , 2009 | January 5 th , 2009 | |
| 10 | January 5 th , 2009 | January 5 th , 2009 | |
| 11 | Bids in August | (3/5/09 Anticipated) | |
| 12 | Currently Under Design | N/A | |
| 13 | Currently Under Design | N/A | |
| 14 | Currently Under Design | N/A | |
| C/S | January 5 th , 2009 | January 5 th , 2009 | |

* Date is actual

** Substantial completion is described as HarborView Medical Center's ability to gain beneficial occupancy of the building. Allowing the move in process to begin, while construction activities related to finishing the building continue to be completed

Budget Overview

The original project budget including Core/ Shell, Tenant Improvements, King County Overhead, and Art was \$178,237,000.

Including the scope change to add the server room to the project, the total project cost is \$185,867,251.

Table 3 – Budget Forecast

| Scope of Work | Current Forecast | Previous Month Forecast | Notes |
|-------------------------|---------------------|----------------------------|---|
| Core and Shell | 100,198,000 | 100,198,000 | |
| Tenant Improvements | 56,859,360 | 56,859,360 | |
| Total Project Budget | 185,867,251 | 185,867,251 | Soft costs are included in Total Project Cost but not in the Core/Shell or Tenant Improvements Budgets. |

Use of Project Contingency as of August 20, 2008

- Total Contractor's Contingency: \$3,973,521 - 35% is committed to date vs. 30% last month.
- Total Owner Contingency: \$1,320,000 - 95% committed to date (includes \$1,070,000 for building wireless system) vs. 95% last month.
- Total General Contingency: \$5,103,000 - 4% committed to date (this 4 % is the \$200,000 that was transferred to Joint Savings Contingency) vs. 0% last month.
- Tenant Design Contingency: \$11,454,000. 1.4% committed to date vs. 1.4% last month

Tenant Improvement Costs

TI Package #1 - Negotiated GMP of \$20,460,000. This package includes floors 2 and 3, Lab and Specialty Services. This sum represents approximately 35% of the consolidated TI budget and contingency. The space included in package #1 is 69,300 SF. The average cost per square foot for this package is approximately \$295 which is within the \$312/SF consolidated budget and contingency ($\$250/\text{SF}$ budget + 25% contingency = \$312/SF) contained in the tenant improvements budget.














TI Package # 2 - Negotiated GMP of \$4,000,000. This package includes floors 8, 9 and 10, UW Medicine Information Technology Services. This sum represents approximately 7% of the consolidated TI budget and contingency. The space included in package #2 is 58,044 SF. The average cost per square foot for this package is approximately \$75, which is within the \$94/SF consolidated budget and contingency ($\$75/\text{SF}$ + 25% contingency = \$94/SF) contained in the tenant improvements budget.

TI Package #3 & 4 (Levels 4, 5, 6 & 11) – The package is currently is out for competitive bid to four short-listed general contractors. Bids were due at the end of August 08 and are currently being analyzed. Bid Package results will be released in September 08.

The estimated cost per square foot for the remaining TI packages is expected to be at, or slightly above, the original allowances but within the total project cost anticipating the use of the Tenant Improvement Design Contingency, and possibly the use of savings from the construction of the shell and core. Continued oversight over project tenant demands and value engineering is ongoing in order to keep the total project cost within the budget.

General Observations

The project team continues working together to come up with pro-active solutions for complex construction scope, schedule and budget issues as they arise. It is apparent the relationship between developer, architect, contractor and owner representative is open and fluid.

| STATUS / ISSUES | | | GENERAL OBSERVATIONS | | | | |
|--|--|------------|---|-----------------------------|-------------------------|--|---------------------------|
| NJB Building Construction (Issues to track)  UMC moved ahead w/ med gas equipment without entire team sign off. Being resolved. Will continue to track to be assured that final equipment is acceptable to HMC. | | | 1. All DPD depts have signed off on permit except Seattle Fire. Construction has continued through creative, daily efforts of Turner and WCR. 2. Harborview appears to be working hard to provide WRC with Tenant Location and Programming data per contract deadline date for submission of same by 9/3. Two tenants have approved and then reversed their programming decision, but WRC believes that this situation is under control. This issue will be followed in Sept. report. 3. Additional detail can be found in the August Summary Report. | | | | |
| Harborview / Tenant Improvement Issues  Only 12,000 SF has no specific tenant identified. Several are competing for this space.  WRC reports satisfied Tenant and Programming issues effecting 9/3 contract deadline.  Routine TI team meetings are scheduled to begin in September.  | | | | | | | |
| Issues Open and/or Under Investigation  7/07 Team to be present when top coat on deck is raked, concern it might be too rough & not durable. | | | CHART PENDING <div style="border: 1px solid black; height: 150px; width: 100%;"></div> | | | | |
| Schedule Status/Issues  TCCO 3 week schedule lead has been lost, construction continues on schedule.  Regional Elevator Org's are currently not keeping up with regional construction demand(s). NBBJ is tracking and expediting Elevator issues with regionally slow Elevator Org's.  Qwest issue, HMC to meet with them and finalize order...HMC helping.  Structural Permit was not received by 8/2, but construction has continued under verbal agreement with WRC. Agreement and detail will be in Sept. report. | | | | | | | |
|  Budget or Schedule at Risk  Some Concern-Topic Being Reviewed  Currently No Issue, Follow up shows on extended report. | | | | | | | |
| COST SUMMARY | | | ORIG KC APPROVED BUDGET | CURRENT BUDGET THRU CO#3 | FORCAST @ COMPLETION | DATE (\$ based on % complete estimate) | REMAINING * incomplete |
| SHELL AND CORE | | | | | | | |
| ARCH. & ENGINEERING | | | \$4,472,000 | \$4,586,336 | \$4,586,336 | | |
| CONSTRUCTION | | | 99,798,000 | \$99,798,000 | \$99,798,000 | | |
| MISCELLANEOUS | | | 1,634,000 | \$1,634,000 | \$1,634,000 | | |
| CONTINGENCY | | | 5,103,000 | \$4,988,664 | \$4,988,664 | Thru CO #3 | |
| PROJECT ADMINISTRATION | | | 6,705,000 | \$6,705,000 | \$6,705,000 | | |
| SUB-TOTAL | | | \$117,712,000 | \$117,712,000 | \$117,712,000 | \$23,542,400 | \$94,169,600 |
| TENANT IMPROVEMENTS | | | | | | | |
| TENANT IMPROVEMENT COST | | | \$47,423,000 | \$47,423,000 | \$47,423,000 | | \$47,423,000 |
| TENANT DESIGN | | | 11,500,000 | \$11,500,000 | \$11,500,000 | \$185,755 | 11,314,246 |
| SUB-TOTAL | | | \$58,923,000 | \$58,923,000 | \$58,923,000 | \$185,755 | \$58,737,246 |
| SERVER ROOM = CO#1 & #2 | | | | | | | |
| CONST./AE/WR | | | \$6,922,057 | \$7,092,735 | \$7,092,735 | Change Pending | \$6,922,057 |
| CONTINGENCY | | | \$346,103 | \$171,103 | \$171,103 | Interim use S&C | \$171,103 |
| ESCALATION | | | 389,856 | 389,856 | \$389,856 | Contingency | 389,856 |
| SUB-TOTAL | | | \$7,658,016 | \$7,653,694 | \$7,653,694 | | \$7,311,913 |
| PROJECT TOTAL | | | \$184,293,016 | \$184,288,694 | \$184,288,694 | | \$184,288,694 |
| COST SUMMARY | TI Schedule Report Detail being revised | PLAN START | PLAN FINISH | FORCAST@ COMPLETION | COMMITMENTS | FINISH VARIATION | % COMPLETE |
| PLANNING | | | | | | | |
| ENGINEERING | | | | | | | |
| CONSTRUCTION | | | | | | | |